



INDIAN SCHOOL MUSCAT

SECOND PRE – BOARD EXAMINATION

SET A

ENTREPRENEURSHIP- VALUE POINTS (XII)

	SECTION A	
	This part contains 17 objective questions carrying 1 mark each.	
	Fill in the Blank	
1	An activity in which an individual works regularly for others and get remuneration in return undertaking personal services as per the agreement of employment is called as _____ Ans: Employment	1
2	It deals with shares, debentures, bonds and such securities already issued by the companies. Hence it is called as _____ Ans: Secondary Market	1
3	Sensing entrepreneurial opportunities is thus a process of converting an idea into an opportunity and then into _____ Ans: Enterprise	1
4	_____ approves the by-laws of stock exchanges. Ans: SEBI	1
5	_____ is any organized effort to gather information about target markets or customers. Ans: Market Research	1
6	The acronym _____ stands for earnings before interest, and taxes. Ans: EBIT Or _____ is the Financial Institution established by the Central Government in 1951 to empower state governments to support the financial needs of small and medium enterprises in various states. Ans: State Financial Corporations	1
	State whether the following statements are ‘true’ or ‘false’	
7	When an entrepreneur identifies a conflict or a road block, he or she is said to have solved the problem Ans: False Or Gopi, a young entrepreneur sells his skincare products under brand name ‘Lovely Skin’. Now he decides to bring some change in the ingredients of the product. The idea field referred is Natural Resource. Ans: False (Existing Products)	1
8	For a true measure of how ‘own money’ is being used, ROI is good indicator Ans: False (ROE)	1
9	The Proforma of cash flow a component of Financial Plan mentions the socio-economic benefits expected to acquire from the proposed business. Ans: False	1

10	If procurement or manufacturing lead time is 3 months and the demand during this period is expected to be 300 units per month and then an order is to be placed when the stock or inventory level reaches 900 pieces Ans: True	1
11	Television is a powerful advertising medium because it creates impact through sight, sound and movement. Ans: True.	1
12	When both the companies approve of the acquisition and there is no forceful acquisition and the entire process is cordial. Such growth strategy is called as back flip acquisition. Ans: False	1
Multiple Choice Questions		
13	Something that can be offered to market to make the product or service known to the user and trade. a) Product (b) capital (c) price (d) Promotion. Ans: Promotion	1
14	A process where an entrepreneur and the supplier of goods or service come to a mutually acceptable agreement of payment for the supply of goods or service. a) Vendor management (b) trade channel (c) negotiation (d) distributor Ans: Vendor Management	1
15	Rahul wants to know the market trend. His friend Gopal suggested him to read the leading publications like industry publications and websites like trade associations sites that affect Rahul's business. Identify the method of trend spotting suggested by Gopal to Rahul. A) Talk Trend B) Read Trend C) Watch Trend D) Think Trend Ans: Read Trend	1
16	Which is third step in the creative process? A) Innovation B) Idea Germination C) Incubation D) Preparation Ans: C) Incubation	1
17	Which one of the following leads to low labour turnover? A) Capital Market B) Offer to employees. C) IPO D) Private Placement Ans: Offer to employees	
SECTION B		
18	It is a professionally managed pool of equity capital. Mention any three features of source of finance referred. Ans: 1. It's basically equity finance to relatively new companies. 2. It involves high risk return spectrum 3. It not only provides capital but also provide business skills to the entrepreneur.	2
19	It deals with second hand securities .List any two advantages of referred institution to the society. Ans:	2

	1. Rapid capital formation 2. Boots economic development	
20	<p>It stands for the situation in which an entrepreneur uses a common name for their several products. Identify the type of branding .Give an example. Ans:. Family Branding Example: Amul uses same name for all its products.</p> <p style="text-align: center;">Or</p> <p>What is Sales Strategy? Mention the types Ans: It's a plan that positions a company's brand or product to gain a competitive advantage. Types: Direct Sales and Indirect Sales.</p>	2
21	<p>Explain Inadequate Financing as a cause for business failure. Ans: 1. Many business fail due to lack of proper financing. 2. Trouble begins when an entrepreneur do not have sufficient awareness of the costs involved in raising capital or when an entrepreneur is not prepared with alternative sources in case of rejection from financiers.</p>	2
22	<p>It is a document which may stipulate the terms and consolidation of the agreement between partners. Identify the term and mention the items that should be included in the deed.</p>	2
23	<p>Name the four formats of a Business Plan Ans: 1. Elevator Pitch 2. Pitch deck with oral narration 3. A written presentation for external stakeholders 4. An Internal operational plan ($\frac{1}{2} \times 4 = 2$)</p>	2
24	<p>Mention any two objectives of problem identification Ans: a. State the problem clearly b. Identify the target group facing the problem</p> <p style="text-align: center;">Or</p> <p>What is Incubation? Define the next stage of creativity that follows. Ans: 1. Incubation - It is the subconscious assimilation of information in the process of creativity. Illumination: idea resurfaces in realistic way and entrepreneur comes out with viable plan to give practical shape.</p>	2
SECTION C		
25	<p>When is it advisable for an entrepreneur to opt for a two levels of distribution? Ans: 1. Producers who have limited finance 2. Narrow product line 3. Need expert service and support of wholesalers.</p>	3
26	<p>Pink & Blue Stores sells 1000 insulated water bottles annually. Demand for the product is uniform. Purchase Cost per bottle is Rs.50. Holding cost per annum is 10% of purchase cost. Ordering cost is Rs. 100 per order. Calculate the Economic Ordering Quantity for bottles? Ans. Economic Ordering Quantity = $\sqrt{2PD/C}$ Thus as : annual demand (D) = 1000 bottles. Order cost (P) = Rs. 100 Annual carrying cost of 1 unit (C/i) = 10% X 50= Rs.5</p>	3

	EOQ = $\sqrt{2 \times 1000 \times 100/5} = 200$ unit																																									
27	<p>Define Angel Investor. State any two features of the same.</p> <p>(a) Angel Investor: Affluent individual who provides capital for a business start-up and early stage companies having a high risk, high –return matrix usually in exchange for convertible debt or ownership equity.</p> <p>(b) Features (Any two) 1. Most angel investors are current or retired executives, business owners or high net worth individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards. 2. As angel investors bear extremely high risk and are usually subject to dilution from future investment rounds. They expect a very high return on investment. 3. Apart from investing funds, most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days.</p>	3																																								
28	<p>Mention any three features of Co-Operative form organizations.</p> <p>Ans:</p> <ol style="list-style-type: none">1. Voluntary organization2. Service motive3. Government control (Explain briefly)	3																																								
29	<p>Explain any three sources which lead to the emergence of basic ideas.</p> <p>Ans:</p> <ol style="list-style-type: none">a. Problem – idea originates as a solution to the problem.b. Change – change in social, legal, technical aspects lead to new ideac. Invention – new products or services leads to new idea <p style="text-align: center;">Or</p> <p>This is a section of Financial Plan that summarizes how the enterprise funds are invested in different assets. Identify and explain the component of financial plan referred here.</p> <p>Ans:</p> <ol style="list-style-type: none">1. Proforma of Investment Decisions2. This component deals on various components of investment, ie, fixed assets and working capital.3. It helps to understand the total amount if finance required by an entrepreneur.	3																																								
	SECTION D																																									
30	<p>Pure Air Pvt. Ltd. started a business of making three varieties of portable air purifiers for vehicles - Vincent, Banish, and Exclusive. From the following information calculate Breakeven point in units for the company and suggest which variety most revenue is generating. Fixed costs are Rs. 15,20,000.</p> <table><tr><td></td><td>Vincent</td><td>Banish</td><td>Exclusive</td></tr><tr><td>Sales Price</td><td>800</td><td>450</td><td>600</td></tr><tr><td>Variable Cost</td><td>400</td><td>150</td><td>200</td></tr><tr><td>Sales mix</td><td>50%</td><td>20%</td><td>30%</td></tr></table> <table><tr><td></td><td>Vincent</td><td>Banish</td><td>Exclusive</td></tr><tr><td>Sales Price</td><td>800</td><td>450</td><td>600</td></tr><tr><td>Variable Cost</td><td>400</td><td>150</td><td>200</td></tr><tr><td>Contribution</td><td>400</td><td>300</td><td>400</td></tr><tr><td>Sales mix</td><td>50%</td><td>20%</td><td>30%</td></tr><tr><td>Contribution × sales mix</td><td>200</td><td>60</td><td>120</td></tr></table>		Vincent	Banish	Exclusive	Sales Price	800	450	600	Variable Cost	400	150	200	Sales mix	50%	20%	30%		Vincent	Banish	Exclusive	Sales Price	800	450	600	Variable Cost	400	150	200	Contribution	400	300	400	Sales mix	50%	20%	30%	Contribution × sales mix	200	60	120	4
	Vincent	Banish	Exclusive																																							
Sales Price	800	450	600																																							
Variable Cost	400	150	200																																							
Sales mix	50%	20%	30%																																							
	Vincent	Banish	Exclusive																																							
Sales Price	800	450	600																																							
Variable Cost	400	150	200																																							
Contribution	400	300	400																																							
Sales mix	50%	20%	30%																																							
Contribution × sales mix	200	60	120																																							

	<p>Weighted Contribution= $200+60+120= \text{Rs.}380$</p> <p>BEP = Fixed cost/WACM = $1520000/380= 4000$ units</p> <p>In Units: Vincent = 50% of 4000 = 2000 unit Banish = 20% of 4000 = 800 unit Exclusive = 30% of 4000 = 1200 units.</p> <p>In Rupees: Vincent = 2000 units x 800 = Rs.1600000 Banish = 800 units x 450 = Rs. 360000 Exclusive = 1200 units X 600 = Rs. 720000 The company is earning more revenue in the sale of Vincent</p> <p>(1 mark for table, 0.5 marks for weighted contribution, 0.5 marks for BEP 1.5 marks for BEP in units 0.5 marks for answer=4)</p>	
31	<p>Explain any four benefits of Franchising to start-ups.</p> <p>Ans:</p> <ol style="list-style-type: none"> 1. Product already carries a name in the market 2. Training provided by the franchisors 3. Grow without increasing labour, operating costs. 4. Knowledge of the market from franchisor. <p style="text-align: center;">Or</p> <p>Explain various activities in Vendor management</p> <p>Ans:</p> <p>Searching Vendors---negotiating contracts----obtaining quotes----evaluating performance---updating vendor files --- make payments. (Explain)</p>	4
32	<p>“Creativity can be applied to develop new products and services” How?</p> <p>There are basically five ways in which creative ideas can be generated:</p> <ol style="list-style-type: none"> 1. Develop a new product or service. 2. Improve an existing product or service 3. Find a new process or resource for manufacturing a product. 4. Find a new use of an existing product or service. <p>Example: It was found that while tightening screws, over tightening often resulted in damage to the fixtures. Here was a problem and the solution came in the form of a self-adjusting screwdriver which prevented over tightening.</p>	4
	SECTION E	
33	<p>What are the factors that ensure effective employee relationship?</p> <p>Ans:</p> <ol style="list-style-type: none"> a. Identifying objectives b. Determining employee needs c. Balancing work and life needs d. Open and honest communication e. Measuring and monitoring results f. Relationships are interpersonal. (explain each) 	6
34	<p>No form of business organization is without merits and demerits. Entrepreneur needs to understand it better that no form is the best form. Thus the selection of an appropriate form of business organization is a very difficult decision. The selection of a form is to a great extent affected by various factors. Mention any six factors.</p> <ol style="list-style-type: none"> a. Capital Requirement b. Risk and liability involved 	6

- | | |
|--|--|
| <ul style="list-style-type: none">c. Managerial control desiredd. Scale of operations involvede. Continuity and stability demandedf. Nature of businessg. Flexibility desirableh. Confidentiality required. (any six) | |
|--|--|

Or

It is a creation by law and it can be put to death by law only. Identify and explain the features of the form of organization referred here.

Ans:

1. Joint Stock Company (1 mark)

Features:

2. voluntary association
3. artificial person
4. common seal
5. winding up
6. separate legal entity
7. transferability of shares (explain any five relevant points)